

Amtrak: 'Fraud, waste, and abuse are long-standing problems'

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The government-subsidized transportation service Amtrak has consumed \$40 billion in subsidies over the last four decades, according to Tad DeHaven of the Cato Institute. He [writes](#): "The system has never earned a profit and most of its routes lose money. Amtrak's on-time record is very poor, and the system as a whole only accounts for 0.1 percent of America's passenger travel."

Besides sucking more and more money from the U.S. government, there are many documented cases of fraud.

In a [report](#) released last year, the Office of the Inspector General documents the [fraudulent](#) sales schemes in the food and beverage service on Amtrak trains by Amtrak employees, costing the government-assisted corporation, and taxpayers, up to \$7 million.

As Junket Sleuth reports, the study found that Amtrak employees routinely add "food items to the meal checks of first class passengers, who eat free, and then sold the same food to other passengers," in effect counting food items twice.

Other schemes involve selling non-Amtrak items, shorting cash register sales, stealing inventory and even providing items at no cost.

The report concludes "fraud, waste, and abuse are long-standing problem[s]" for Amtrak and lays out measures to correct this.

"Correcting these problems would increase revenues, improve customer service and help reduce Amtrak's reliance on federal subsidies," the report says. "Further, the damage to Amtrak's reputation and the morale of honest employees demands an end to the present culture of abuse."

More employee fraud on Amtrak

The possible \$7 million of waste from the food and beverage service is merely a drop in the bucket when considering Amtrak fraud on a whole.

In October 2011, U.S. prosecutors charged “11 people in connection with an alleged \$1 billion fraud involving hundreds of railroad workers filing false disability claims,” [reported](#) Reuters.

Former Long Island railroad workers would file disability claims just before retirement, allowing them to collect both disability and pensions.

Employees allegedly claimed between \$800 and \$1200 in medical expenses to hire one of several disability doctors in on the scheme. These doctors would then conduct unnecessary tests and diagnose unnecessary ailments that would allow the workers to go on disability.

The Manhattan U.S. Attorney’s office estimates that the Long Island Railroad Board paid roughly \$1 billion in these fraudulent claims.

Amtrak’s history of waste

For fiscal year 2013, Amtrak [requested](#) \$2.17 billion, most of which is to be spent on capital projects, and less on operation costs.

A [study](#) by the Cato Institute notes:

“During the 2000s, Amtrak averaged annual losses in excess of \$1 billion. In 2010, Amtrak received \$563 million in operating subsidies and \$1 billion in capital and debt service grants. The American Recovery and Reinvestment Act of 2009 pumped an additional \$1.3 billion in capital grants into Amtrak.”

[According](#) to Ted Alves, the Inspector General of the National Railroad Passenger Corporation, the money would “move [Amtrak] toward its long-term goal of providing efficient, high quality passenger rail service that is cost and trip time competitive with other modes.”

In 2005 the [Government Accountability](#) Office wrote in a report, “Amtrak’s basic business systems need to be strengthened to help achieve financial stability and meet future operating challenges,” calling for improvements in improve efficiency, effectiveness and accountability.

Amtrak’s request for over \$2 billion from the government is indicative that these improvements have not been made in the last seven years.

However, DeHaven notes that, “congressional micromanagement has prevented Amtrak from cutting routes and reducing other costs” meaning improved efficiency, effectiveness, accountability are unlikely under continued government management.

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